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### Russian Agricultural Policy and Situation Bi-Weekly Update - No. 18

**Report Categories:**

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**Report Highlights:**

Prime Minister Medvedev Interview on Food Embargo.... Duma Considers Draft Law Tightening Labeling Control of Genetically Engineered Products.... Approved Budget for Support of Small and Medium Sized Farmers.... Minimum Subsistence Income Levels Set by Russian Government.... Federal Customs Service Price Comparison Survey....GOR Seeking More Sources for Food Imports....Harvest Figures Up in 2014....Unions Agree to Food Price Restraint....

### **General Information:**

Welcome to the Russian Agricultural Policy and Situation Bi-Weekly Update, a summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Russia, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

**Prime Minister Medvedev Interview on Food Embargo:** On September 7<sup>th</sup>, the Russian Prime Minister, Dmitry Medvedev, gave an interview to the newspaper *Vedomosti* where he talked about the current trade situation and developments in various sectors of the economy. During the interview he mentioned that "Russia will allocate tens of billions of rubles to support some sectors of domestic agriculture....We have started a program to support those sectors of agriculture that are underdeveloped, such as fish farming, greenhouse vegetables, horticulture and animal husbandry, including those segments that require support - beef cattle and dairy farming." Obligation of these funds, according to the government, would allow Russia to neutralize the impact of the food embargo, and develop not only self-sufficiency with food in the future, but eventually export capacity. In addition to increasing agricultural production, the Prime Minister also talked about the need to establish relationships between suppliers and retailers. Medvedev confirmed that the embargo on key food groups from the EU, USA, Australia, Canada, and Norway is in response to sanctions against Russia in the Ukrainian crisis. The timing of the embargo is for one year from its initiation on August 7<sup>th</sup> and Medvedev said that "if our partners come to their senses, and the entire pointless story of sanctions will be curtailed, we will treat it accordingly." He explained that the decree signed by the President of the Russian Federation on the embargo provides clearly that the government has the right to change the date of the sanctions.

<http://itar-tass.com/ekonomika/1426053>

**Duma Considers Draft Law Tightening Labeling Control of Genetically Engineered Products:** On September 8, 2014, the Government of the Russian Federation submitted to the State Duma the draft Federal Law on Amendments to the Russian Codex of Administrative Violations. (State Duma site: <http://asozd2.duma.gov.ru/main.nsf/%28SpravkaNew%29?OpenAgent&RN=599852-6&02>). The Amendments will tighten control over labeling of genetically engineered products and determine fines for labeling violations. FAS/Moscow reported on this draft in the public GAIN report: [Russia May Tighten Control over GMO Labeling of Food 8-29-2014.pdf](#). The amendments will be considered by the Federal Assembly of the Russian Federation (the State Duma is the lower Chamber of the Assembly) and then may become a law. The probability that the draft will become a law is very high.

**Approved Budget for Support of Small and Medium Sized Farmers:** On September 6, 2014, the GOR published Resolution No. 1751-p "On the introduction of changes into the distribution of subsidies for state budget support of small and middle business, including farmers." The document was developed in the implementation of the subprogram, "Development of small and middle business" of the state program "Economic development and innovative economy," approved by the government

resolution #316 dated April 15, 2014. The Federal Law “On Federal Budget for 2014 and for Planned Period of 2015 and 2016” provides budgetary support in the amount of 20 billion rubles in 2014 for small and medium sized businesses. This document also approves changes into the distribution of subsidies. Amendments have been introduced on competitive bidding for the co-financing of activities received from the subjects of the Russian Federation. <http://government.ru/docs/14829>

**Minimum Subsistence Income Levels Set by Russian Government:** On September 6, 2014, Prime Minister Dmitriy Medvedev signed government resolution number 905, that sets minimum subsistence income in the territory of Russia for the second quarter of 2014 at the amount of 8,192 Rubles per capita; for working population – 8,834 rubles, for retired – 6,717 rubles; for children – 7,920 Rubles. The amount of subsistence income for the second quarter of 2014, in general increased by 6.6 percent in comparison with the first quarter of 2014; for working population – by 6.7 percent, for retired – by 6.5 percent and for children – for 6.3 percent. According to Rosstat data, an index of average consumer prices for the second quarter of 2014 versus the first quarter is estimated at 102.7 percent. The growth in the amount of minimum subsistence income in the second quarter of 2014 in comparison with the first quarter, is attributed to the increase in prices for food products in the amount of subsistence income per capita by 6.2 percent. <http://government.ru/docs/14864>

**Federal Customs Service Price Comparison Survey:** The Information Center of the Newspaper “Kommersant” conducted a survey based on the Federal Customs Service data comparing prices for various products in August 2014 versus August 2013. According to the report, in August 2014, food imports to Russia fell by 7.5 percent - to \$ 2.46 billion, in comparison with August 2013. Imports of dairy products experienced the strongest drop - 57 percent, pork - almost 45 percent, and vegetables - 44 percent. Unexpectedly, imports of beef to Russia increased by 47 percent in August 2014 versus August 2013. By the end of August 2014, prices for all types of meat and fish products increased. Prices for chicken legs have seen the most increase, by 5 percent and chilled and frozen chicken by 4.5 percent. Live and chilled fish increased by 3 percent, frozen salmon by 2.4 percent, fish fillets by 1.4 percent. Prices for local cheese increased by 2.5 percent and for nuts more than 2 percent. Prices for citrus products demonstrated the largest increase: lemons increased by 22.5 percent and oranges by more than 7 percent. At the same time, prices for potatoes fell by 32 percent, tomatoes by 27 percent, carrots, beets and onions - by 20.5 to 23 percent.

**GOR Seeking More Sources for Food Imports:** In August 2014, VPSS (Rosselhoznadzor) held talks with representatives of more than 20 countries regarding opening or expansion of imports of meat, milk, vegetables, fruits, fish and seafood into the country. Russia agreed on additional supplies of meat, dairy and vegetable products from Belarus. By the end of 2014, Belarus will ship to Russia 70,000 MT of cheese, and Belarus is ready to ship more than 1 million MT of potatoes and more than 200,000 MT of vegetables. Experts estimate that in 2015, exports of dairy products from Belarus to Russia will grow by 29 percent and meat by 14 percent. Also, the Russian Federal Fishery Agency (Rosrybolovstvo) stated that the Faroe Islands are ready to increase exports of fish and fish products to Russia by 1.5-2 times. VPSS also expanded the list of suppliers from Chile by approving 14 more manufacturers of fish and seafood. Russia approved Turkey to supply products of animal origin, and three dairy companies received certification to ship to Russia. Also, VPSS approved shipments of pork from two additional pork production facilities in China. VPSS also met with a number of countries and agreed on expanding shipments of their products to Russia, fruit and vegetables, dairy and meat products from Serbia, meat, vegetables and seafood from Guatemala, fruits and vegetables from Israel, fruits, vegetables, coffee and

flowers from Kenya, and meat and dairy from Moldova.

<http://www.kommersant.ru/doc/2567023?isSearch=True>

**Harvest Figures Up in 2014:** According to the information received from the subjects of the Russian Federation, all categories of farms harvested 69.5 million MT of coarse and succulent fodder, as of September 12, 2014. This corresponds to 22.4 million MT in feed units, or 104 percent of the amount of feed units harvested during the same period last year. For the whole country, 11.8 centners of fodder units have been harvested per one conventional head, 5 percent more, than the amount harvested in the same period last year. All categories of farms harvested 52.9 million MT of roughage, which is 102 percent of the stock harvested during the same period in 2013, including 25.1 million MT of hay (103 percent); 22.9 million MT of haylage (103 percent); and 4.9 million MT of straw (94 percent). In addition, 16.6 million MT of green mass has been laid for silage, which is 105 percent of the amount of silage during the same period last year. <http://mcx.ru/news/news/show/28931.355.htm>

**Unions Agree to Food Price Restraint:** Representatives of the Russian Dairy Union, the Russian Food Union, the Fishery Union, the Association of Companies of Retailers (an association that unites the largest Russian retail chains, such as Magnit, X5 Retail Group, Auchan, Dixie and Metro), the National Meat Association, and other organizations signed a memorandum of participants of the Russian trade market that will not allow unjustified increases in retail prices for food during the period of the food ban. Producers and suppliers reportedly came to a voluntary agreement to sign the memorandum in order to avoid government price regulation procedures. Earlier the government suggested another option to regulate prices – a side agreement between the regions, suppliers and retail chains - but market participants were reportedly against it. In addition to not allowing prices to increase, suppliers and producers also promised not to allow fake shortages of food supplies, to provide quality raw materials and products, to build up investment into local production infrastructure, and where it is needed, to increase shipments from foreign countries. Retail chains have committed to providing greater access to shelf space to products from those processing facilities that provide high quality and reasonable prices. <http://itar-tass.com/ekonomika/1445193>;  
<http://www.agronews.ru/print.php?id=136267>